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November 29, 2006

MEMORANDUM

TO: Council Members
FROM: Charlie Grist
SUBJECT: Presentation by the Energy Trust of Oregon

In 1999, Oregon enacted legislation to introduce competition to electricity markets within the Portland General Electric (PGE) and PacifiCorp service territories. To encourage continued conservation and renewable efforts in the restructured market, the 1999 law required these two Oregon investor-owned utilities to collect a three percent "public purposes charge" from their customers. This public purpose charge is used to provide stable and consistent funding for energy conservation and renewable energy programs and to help provide weatherization and other energy assistance to low-income households and public schools.

The responsibility for providing energy efficiency programs was shifted from the electric utilities and given to several different organizations. About three-quarters of the funding is directed to the non-profit Energy Trust of Oregon, Inc. This approach was intended to overcome some of the embedded disincentives that have hindered utility-directed conservation efforts in the past.

Since March 2002, public purpose funds representing three percent of consumer electric bills have been collected. Energy Trust has invested its share of funds to develop and implement programs to promote cost-effective energy efficiency, pay the above-market costs of renewable energy resources, and encourage market transformation within PacifiCorp and PGE service territories in Oregon. From staff's point of view the Energy Trust has been extremely effective in its conservation efforts. The model used in Oregon appears to be a successful alternative to regulatory mechanisms used in other states to encourage effective utility-directed conservation investments.

Margie Harris is the executive director of the Energy Trust of Oregon, Inc. Margie will brief the Council on the Energy Trust, its activities and accomplishments, and some of the key issues it has encountered.